

BUTTE COUNTY ECONOMIC FORECAST

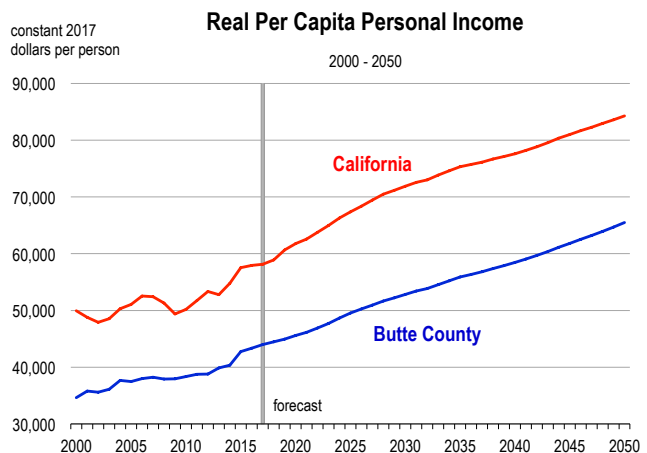
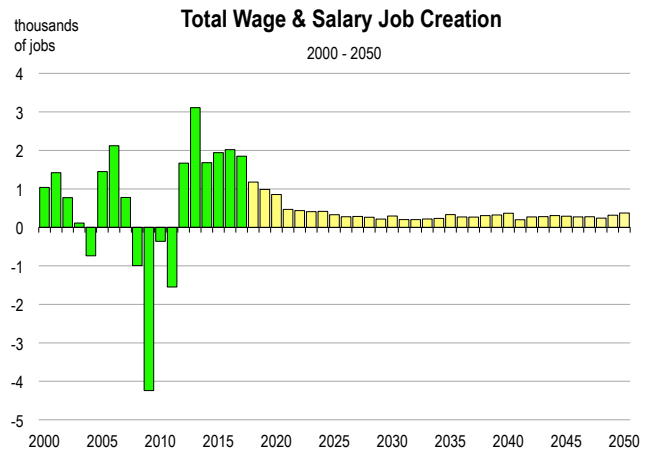
The Butte County economy is creating jobs at a rapid rate. In 2017 it generated 1,900 new jobs, representing growth of 2.2 percent. By comparison, the entire California economy created jobs at a rate of 2.0 percent. The best performing industries in Butte County were construction, healthcare, and government.

Construction activity is accelerating. More than 850 homes were built in 2017, and almost \$50 million was invested into non-residential structures. Most of this activity was near Chico, where 600 homes were built, \$6 million was invested into new office buildings, and \$9 million was spent renovating existing structures.

People are moving to Butte County for its affordable homes and growing job prospects. Across Coastal California, households often spend more than 35 percent of their income on mortgage payments and rent. But in Butte County this figure is typically less than 20 percent, although there are a substantial number of households near the poverty line that spend much more.

In 2017, Butte County gained more than 1,600 net migrants (people moving into the county, less people moving out). But the overall population grew by just 0.8 percent. In most counties of California, births account for the majority of all population growth, but Butte County has an old resident base with a low birth rate. Because of this, population growth is expected to be relatively slow during the forecast period.

The unemployment rate improved substantially last year, falling from 6.6 percent in 2016 to 5.7 percent in 2017. The unemployment rate is near its lowest sustainable level, meaning that almost everyone who wants a job already has a job. Under such conditions, job creation is expected to decelerate, and improvements in the unemployment rate will become slower and more incremental.



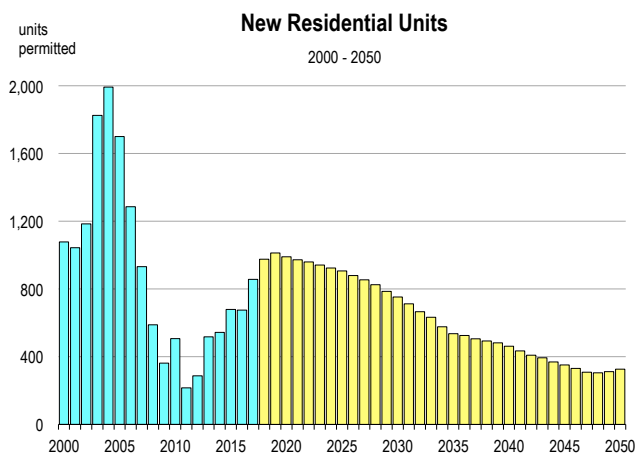
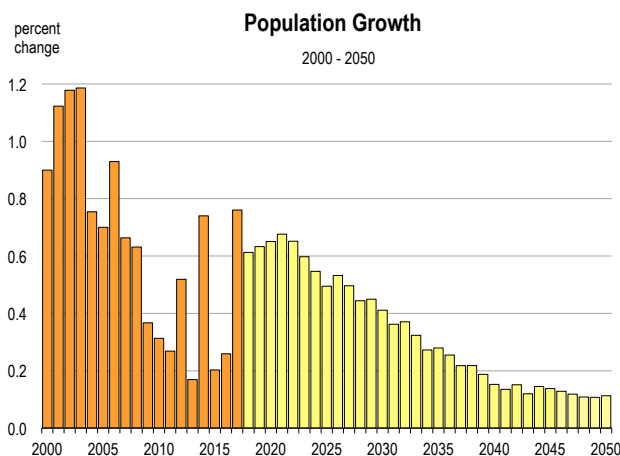
FORECAST HIGHLIGHTS

- In 2018, total wage and salary employment will increase by 1.4 percent. From 2018 to 2023, total employment will grow at an annual average rate of 0.7 percent.
- The strongest employment gains will be observed in education and healthcare, leisure and hospitality, government, and professional business services. Combined, these industries will account for 78 percent of net job creation between 2018 and 2023.
- Average salaries are currently below the California State average, and will remain so over the foreseeable future. In Butte County, inflation-adjusted salaries are expected to rise by an average of 1.5 percent per year between 2018 and 2023, which will be slower than statewide growth.
- Housing production will remain strong over the forecast period, with an average of 975 units built each year between 2018 and 2023.
- Because Butte County has large amounts of buildable land, the development process will spread out into single-family communities, rather than be forced up into multifamily skyscrapers. However, a substantial number of apartments and condos will be built in Chico.
- The population will expand by 0.6 percent per year between 2018 and 2023. Virtually all of this growth will be due to net migration. The natural increase (births minus deaths) will add only 40 people to the population each year, but an average of 1,400 net migrants will enter the county each year.

Butte County Economic Forecast

2010-2017 History, 2018-2050 Forecast

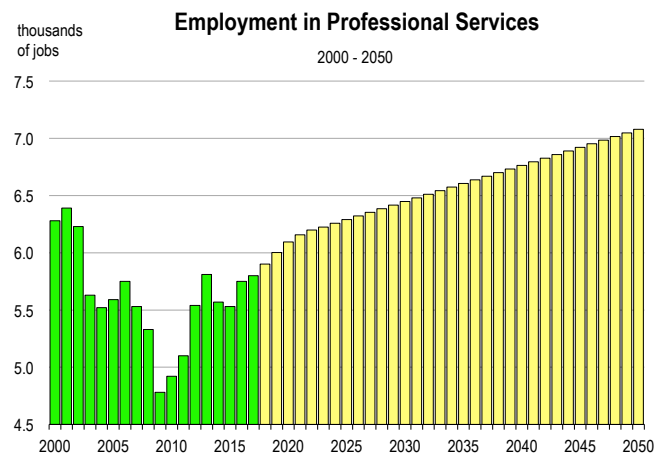
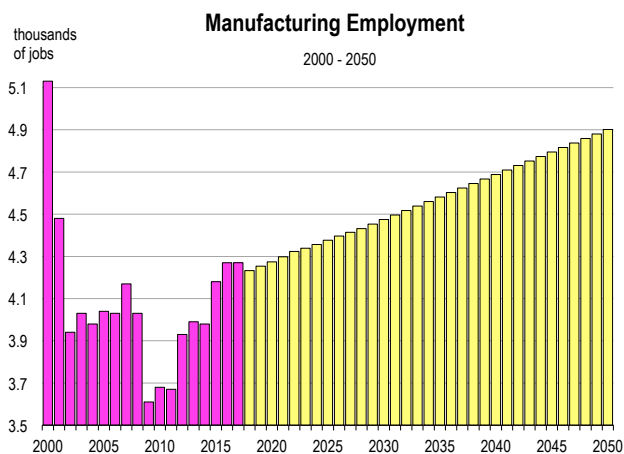
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2010	219,973	426	225.4	87.6	507	\$2.46	\$7.28	\$38,337	1.3	726	1,160	13.9
2011	220,563	304	223.4	87.8	216	\$2.59	\$7.58	\$38,762	2.7	717	1,075	13.7
2012	221,708	975	218.8	87.9	287	\$2.71	\$7.79	\$38,791	2.7	775	1,179	12.1
2013	222,083	336	225.2	87.7	517	\$2.88	\$8.14	\$39,868	2.3	937	1,218	10.3
2014	223,727	1,292	227.6	88.1	544	\$3.01	\$8.45	\$40,339	2.8	857	1,264	8.6
2015	224,180	287	232.2	88.4	679	\$3.11	\$9.10	\$42,764	2.6	799	1,344	7.2
2016	224,761	483	236.8	88.7	676	\$3.20	\$9.47	\$43,356	3.1	717	1,354	6.6
2017	226,470	1,639	234.3	89.4	857	\$3.41	\$9.96	\$43,969	3.2	669	1,354	5.7
2018	227,857	1,291	237.4	90.2	976	\$3.58	\$10.47	\$44,470	3.7	671	1,433	5.0
2019	229,299	1,367	240.2	91.1	1,013	\$3.72	\$10.90	\$44,924	3.1	675	1,438	4.7
2020	230,791	1,426	242.8	92.0	990	\$3.90	\$11.50	\$45,568	4.1	679	1,456	4.9
2021	232,352	1,509	245.0	93.0	973	\$4.05	\$12.07	\$46,124	3.6	682	1,497	5.1
2022	233,866	1,496	246.9	93.9	960	\$4.22	\$12.68	\$46,889	3.5	686	1,532	5.2
2023	235,263	1,412	248.6	94.8	942	\$4.40	\$13.32	\$47,717	3.4	690	1,569	5.4
2024	236,549	1,327	250.1	95.7	924	\$4.59	\$13.99	\$48,654	3.3	694	1,608	5.5
2025	237,719	1,240	251.4	96.5	907	\$4.79	\$14.66	\$49,554	3.1	698	1,643	5.7
2026	238,984	1,357	252.5	97.4	880	\$4.99	\$15.28	\$50,252	3.1	702	1,680	5.9
2027	240,170	1,303	253.5	98.2	854	\$5.20	\$15.90	\$50,948	3.0	706	1,717	5.9
2028	241,237	1,210	254.4	99.0	825	\$5.42	\$16.56	\$51,658	3.3	710	1,754	6.0
2029	242,321	1,254	255.2	99.8	786	\$5.61	\$17.20	\$52,222	3.1	715	1,792	6.0
2030	243,317	1,178	256.0	100.5	753	\$5.81	\$17.85	\$52,814	3.0	719	1,832	6.0
2031	244,198	1,076	256.7	101.2	712	\$6.02	\$18.50	\$53,413	2.9	724	1,871	6.1
2032	245,103	1,115	257.3	101.9	666	\$6.25	\$19.15	\$53,845	3.1	728	1,912	6.1
2033	245,896	1,026	257.9	102.5	633	\$6.48	\$19.83	\$54,555	2.7	733	1,954	6.1
2034	246,566	920	258.4	103.1	577	\$6.72	\$20.55	\$55,220	2.9	738	1,996	6.1
2035	247,255	948	259.0	103.6	536	\$6.96	\$21.31	\$55,882	3.0	742	2,039	6.1
2036	247,885	905	259.6	104.1	526	\$7.22	\$22.11	\$56,352	3.4	747	2,083	6.0
2037	248,425	827	260.2	104.6	506	\$7.46	\$22.94	\$56,819	3.5	753	2,128	6.0
2038	248,966	840	260.7	105.1	493	\$7.70	\$23.80	\$57,386	3.3	758	2,174	6.0
2039	249,433	775	261.4	105.6	482	\$7.95	\$24.71	\$57,892	3.5	763	2,221	6.0
2040	249,813	700	262.0	106.0	462	\$8.19	\$25.63	\$58,453	3.4	769	2,269	6.0
2041	250,151	668	262.6	106.5	434	\$8.43	\$26.56	\$59,062	3.2	774	2,318	6.0
2042	250,528	714	263.2	106.9	409	\$8.67	\$27.49	\$59,676	3.1	780	2,368	6.0
2043	250,828	645	263.7	107.3	394	\$8.91	\$28.46	\$60,375	3.0	785	2,419	6.0
2044	251,192	716	264.3	107.6	369	\$9.14	\$29.44	\$61,139	2.8	791	2,472	5.9
2045	251,538	710	264.9	108.0	351	\$9.39	\$30.46	\$61,813	3.0	797	2,525	5.9
2046	251,861	699	265.5	108.3	331	\$9.63	\$31.50	\$62,522	2.9	804	2,580	5.9
2047	252,159	688	266.1	108.6	309	\$9.88	\$32.56	\$63,226	2.9	810	2,637	5.9
2048	252,432	676	266.7	108.9	305	\$10.14	\$33.66	\$63,946	2.9	816	2,694	5.9
2049	252,703	685	267.3	109.2	312	\$10.41	\$34.81	\$64,698	2.9	823	2,753	5.9
2050	252,988	705	267.9	109.5	327	\$10.68	\$36.01	\$65,475	2.9	829	2,813	5.9

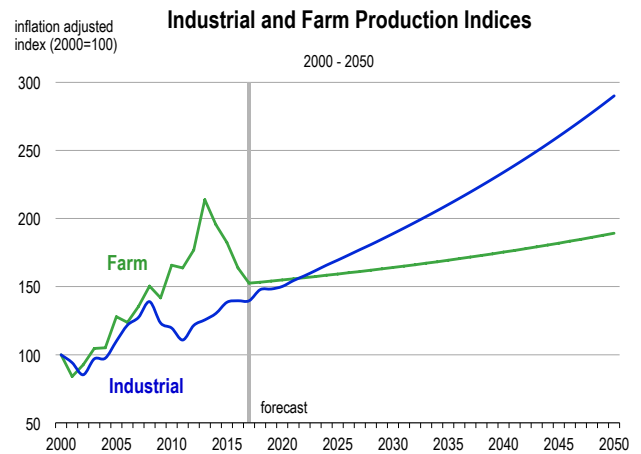
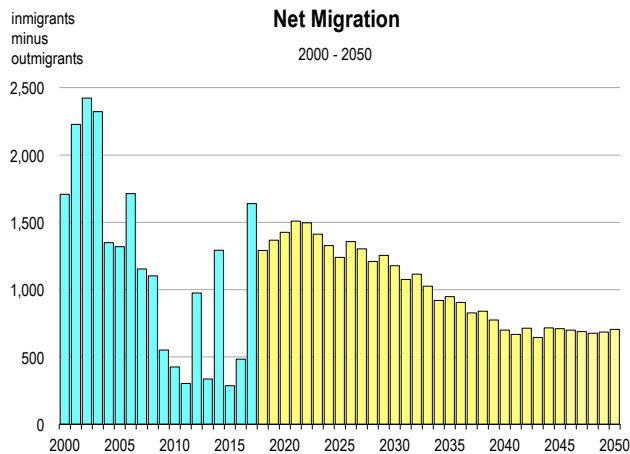
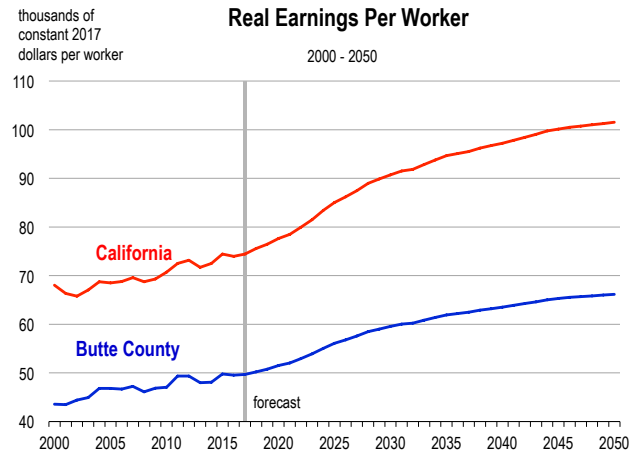
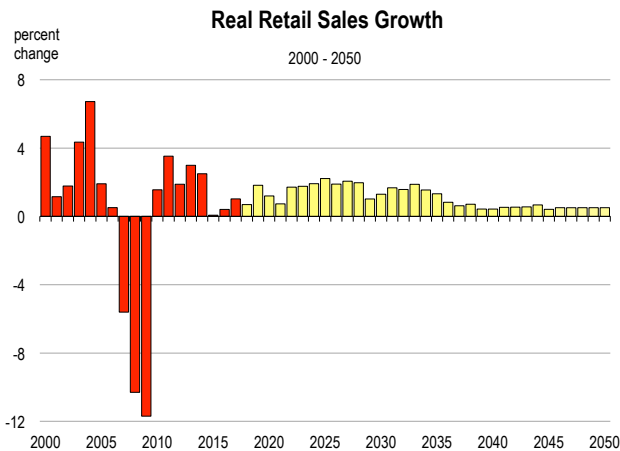


Butte County Employment Forecast

2010-2017 History, 2018-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	employment (thousands of jobs)											
2010	74.06	2.77	2.38	3.68	1.60	11.09	3.13	4.92	1.00	15.84	7.12	16.97
2011	72.51	2.72	2.33	3.67	1.58	10.97	2.97	5.10	1.08	15.53	7.17	15.71
2012	74.18	2.80	2.39	3.93	1.56	11.28	2.97	5.54	1.08	15.73	7.43	15.79
2013	77.29	2.90	2.88	3.99	1.50	11.49	3.08	5.81	1.00	17.11	7.81	15.98
2014	78.97	2.91	3.15	3.98	1.47	11.85	3.28	5.57	1.02	17.75	8.04	16.12
2015	80.91	3.03	3.38	4.18	1.54	12.22	3.52	5.53	1.06	18.08	8.35	16.26
2016	82.93	3.13	3.56	4.27	1.59	12.57	3.55	5.75	1.00	18.79	8.64	16.33
2017	84.78	3.13	3.77	4.27	1.59	13.13	3.45	5.80	0.90	19.46	8.78	16.54
2018	85.96	3.16	3.94	4.23	1.62	13.22	3.53	5.90	0.90	19.88	8.97	16.62
2019	86.94	3.19	4.01	4.25	1.65	13.26	3.56	6.00	0.91	20.22	9.12	16.79
2020	87.80	3.21	4.06	4.27	1.66	13.29	3.57	6.09	0.91	20.47	9.22	17.03
2021	88.27	3.22	4.07	4.30	1.67	13.32	3.58	6.16	0.91	20.66	9.30	17.07
2022	88.70	3.24	4.06	4.32	1.67	13.36	3.60	6.20	0.92	20.83	9.37	17.14
2023	89.11	3.25	4.06	4.34	1.68	13.39	3.62	6.22	0.92	20.98	9.42	17.22
2024	89.53	3.26	4.07	4.36	1.68	13.42	3.64	6.26	0.92	21.13	9.47	17.30
2025	89.86	3.27	4.03	4.38	1.68	13.46	3.65	6.29	0.92	21.28	9.52	17.37
2026	90.14	3.27	3.94	4.40	1.68	13.49	3.66	6.32	0.92	21.42	9.57	17.43
2027	90.42	3.28	3.88	4.41	1.68	13.50	3.68	6.35	0.93	21.55	9.62	17.50
2028	90.68	3.28	3.82	4.43	1.68	13.53	3.70	6.39	0.93	21.67	9.66	17.55
2029	90.90	3.29	3.75	4.45	1.68	13.57	3.72	6.42	0.93	21.79	9.71	17.56
2030	91.20	3.29	3.66	4.47	1.68	13.61	3.73	6.45	0.92	21.91	9.76	17.66
2031	91.40	3.29	3.59	4.50	1.67	13.64	3.75	6.48	0.92	22.03	9.80	17.67
2032	91.60	3.29	3.51	4.52	1.67	13.68	3.77	6.51	0.92	22.15	9.85	17.69
2033	91.82	3.30	3.42	4.54	1.66	13.71	3.78	6.54	0.92	22.26	9.89	17.72
2034	92.05	3.30	3.36	4.56	1.66	13.74	3.80	6.57	0.92	22.38	9.94	17.76
2035	92.39	3.30	3.31	4.58	1.65	13.77	3.81	6.61	0.92	22.50	9.99	17.87
2036	92.66	3.30	3.30	4.60	1.64	13.80	3.82	6.64	0.92	22.62	10.03	17.90
2037	92.93	3.30	3.29	4.62	1.63	13.83	3.84	6.67	0.91	22.75	10.08	17.92
2038	93.23	3.30	3.29	4.65	1.63	13.86	3.85	6.70	0.91	22.87	10.12	17.96
2039	93.55	3.30	3.29	4.67	1.62	13.88	3.86	6.73	0.91	22.99	10.17	18.03
2040	93.92	3.31	3.28	4.69	1.61	13.91	3.88	6.76	0.91	23.12	10.21	18.15
2041	94.12	3.31	3.26	4.71	1.60	13.94	3.89	6.80	0.91	23.24	10.25	18.11
2042	94.39	3.31	3.23	4.73	1.59	13.97	3.90	6.83	0.90	23.37	10.30	18.15
2043	94.67	3.31	3.22	4.75	1.58	13.99	3.91	6.86	0.90	23.50	10.34	18.19
2044	94.98	3.31	3.20	4.77	1.57	14.02	3.92	6.89	0.90	23.63	10.38	18.25
2045	95.27	3.31	3.19	4.79	1.57	14.05	3.93	6.92	0.90	23.76	10.43	18.29
2046	95.54	3.31	3.17	4.82	1.56	14.08	3.95	6.95	0.90	23.89	10.47	18.32
2047	95.82	3.31	3.15	4.84	1.55	14.10	3.96	6.98	0.89	24.02	10.51	18.36
2048	96.06	3.31	3.14	4.86	1.54	14.13	3.97	7.02	0.89	24.15	10.55	18.34
2049	96.38	3.31	3.15	4.88	1.53	14.16	3.98	7.05	0.89	24.28	10.60	18.39
2050	96.75	3.31	3.16	4.90	1.52	14.19	3.99	7.08	0.89	24.42	10.64	18.49





County Economic and Demographic Indicators

Projected Economic Growth (2018-2023)

Expected retail sales growth:	7.4%
Expected job growth:	3.7%
Fastest growing jobs sector:	Health and Education
Expected personal income growth:	10.8%

Expected population growth:	3.3%
Net migration to account for:	97.4%
Expected growth in number of vehicles:	4.7%

Demographics (2018)

Unemployment rate (April 2018):	4.7%
County rank* in California (58 counties):	31st
Working age (16-64) population:	63.6%

Population with B.A. or higher:	27.5%
Median home selling price (2017):	\$260,000
Median household income:	\$49,514

Quality of Life

Violent crime rate (2016):	333 per 100,000 persons
County rank* in California (58 counties):	21st
Average commute time to work (2018):	22 minutes

High School drop out rate (2017):	7.8%
Households at/below poverty line (2018):	13.2%

* The county ranked 1st corresponds to the lowest rate in California